MissionSquare

REALIZE

Helping public sector employees retire well

Investing in Your Future

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Summer 2024

Retirement Security in All Seasons

Welcome to our latest issue of **MissionSquare Realize** magazine!

Before I give you a preview of the financial gems in this issue, I'd like to introduce myself. I am Andre Robinson, CEO & President of MissionSquare Retirement effective September 2024, and I am proud to join the team of professionals who are dedicated to helping you save for your financial goals. Having worked in the retirement services industry for more than 25 years, I am passionate about helping to improve lives through financial wellness.

In this issue of the magazine, we focus on your financial future. Our story, "Investing Made Simple," covers investment strategies and the importance of your public sector retirement plan. You'll find tips and tools to help you plan for your retirement – whether that is next year or many years ahead. We also discuss ways to make the most of your retirement income sources, reduce debt, and enjoy the retirement you have earned.

So, grab your favorite summertime treat and enjoy the magazine!

Andre Robinson

Andre Robinson
CEO & President
MissionSquare Retirement

SUMMER 2024

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Calm, Cool, and Collected

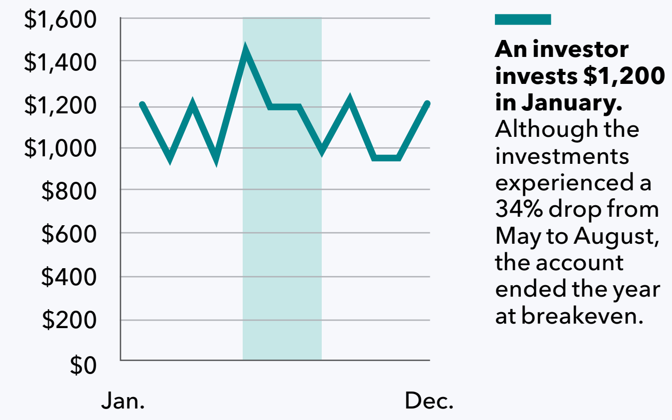
Levelheaded approaches for retirement savings.

Composure can play as critical a role in retirement planning as it does in public service. Explore these three key strategies for turning that trait into a tool for maintaining an investment plan you can use with confidence and clarity.

Think long term. Historically, stocks tend to rise over the long haul, with some drops along the way. If you're investing for retirement and it's many years away, you generally have time to recover from market downturns. Coupling this knowledge with a solid investment plan aligned to your time horizon will help you be prepared to withstand periods of market volatility.

Mix it up. You can help reduce stress and lessen the risk of steep losses by spreading your money among a variety of investments, such as stocks and bonds in different industries, along with a portion of cash-equivalent investments, like stable value funds. This is called diversification.* By practicing diversification, losses in one or more investments may be offset by gains in others.

It pays to keep a steady hand



This illustration regarding dollar-cost averaging or the likelihood of various investment outcomes is hypothetical, does not reflect actual investment results, and does not guarantee future results. Results may vary with use and over time, reflecting any changed circumstances, assumptions, or variables upon which the information is based. Projections involve known and unknown risks, uncertainties, and other factors, which may cause actual results to differ materially and substantially from any future results or performance expressed or implied by the projections for any reason. Projections do not guarantee that a particular result will be produced or achieved. The projections do not represent actual securities or client performance and cannot determine which securities to buy or sell or if your investment strategy is appropriate.

Stick to a schedule. When you invest the same amount of money regularly, you're using dollar-cost averaging (see the chart above). With this strategy, you are buying more shares when prices are low and fewer shares when prices are high. It helps keep emotions out of investing when the markets are volatile.

Want to learn more? Schedule a meeting with your MissionSquare representative at **www.missionsq.org/connect**.

*Diversification does not protect an investor from market risks and does not assure a profit. An investor must consider the risk associated with all mutual funds used to diversify assets.

Your Money Now

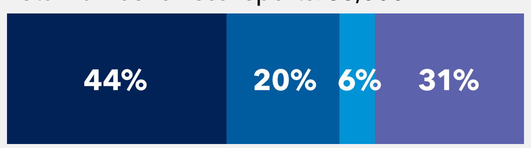
Stay Savvy: The Online Influence

Social media can be fun, but late-night scrolling can give rise to mindless impulse buying. Be careful: That buying can both compromise your budget and increase your risk of fraud. Sixty-four percent of all fraud loss reports on social media are made by people who tried to buy a product or make an investment, according to the Federal Trade Commission. Enjoy social media, but don't let it bust your budget or derail your long-term savings goals.

Top Social Media Scams[1]

- Online shopping
- Romance
- Investment related
- Other frauds

Total number of loss reports: 56,000[2]



[1] "Social Media: A Golden Goose for Scammers," Federal Trade Commission, Oct. 6, 2023.
[2] Percentages may not add up to 100 due to rounding.

Photography: Milan Markovic via Getty Images.

Tackle Your Debt

Don't let debt derail your investing goals. These strategies can help:

1. **Assess the situation.** List all your debts and their interest rates to get a true picture of how much your debt is costing you.
2. **Develop a strategy.** One approach is to consider high-rate debt first, such as credit cards. You may be able to transfer balances on high-interest-rate cards to a card with a low or 0% introductory rate while repaying the debt. This tactic, also called a waterfall approach, can help you save money in the long run versus paying down all debts at once.
3. **Review expenses.** Look for ways to cut costs so you can apply the savings to debts.

Use our Monthly Budget Calculator at **www.missionsq.org/budget** to help you track your spending.

What's Your Investing Style?

A stock market dip can reveal your true financial personality.

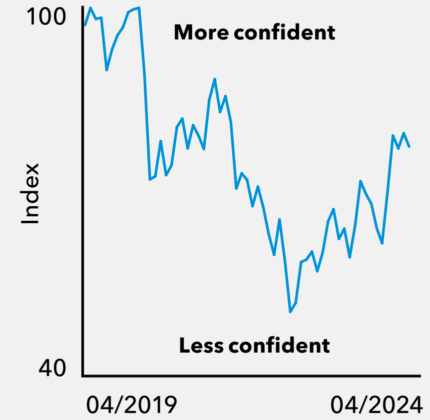
When it comes to investing, it's important to know yourself.

- If your portfolio suddenly dropped 20%, what would you do? If you'd sell some assets right away at a 20% loss, your style probably leans conservative. If you see the drop as an opportunity, your investing style might be more aggressive.
- You may be a do-it-yourself investor if you're comfortable choosing individual stock and bond funds on your own. If not, you may benefit from investment advice from a financial professional to help you reach your goals.

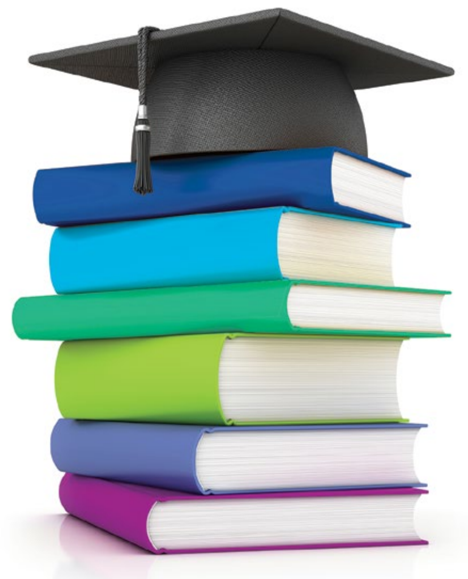
Market downturns can make it harder to stick to your plan. Talk with one of our dedicated representatives about our investment advice services, offered through our third-party partner, Morningstar Investment Management.

Feelings of Uncertainty May Come

Consumer confidence over the past 5 years*



*"Surveys of Consumers, University of Michigan, University of Michigan: Consumer Sentiment ©(UMCSENT)", retrieved from FRED, Federal Reserve Bank of St. Louis, June 3, 2024.



Photography: pagadesign via Getty Images.

Funding the Future

The **MissionSquare Retirement Memorial Scholarship Fund** supports the surviving children and spouses of employees who lost their lives in service to our communities.

Scholarships are available to attend a two-year community college, four-year institution, or full-time vocational school. As of June 2024, **the fund has awarded over $1.6 million through more than 600 scholarships**.

Learn more about the MissionSquare Retirement Memorial Scholarship Fund at **www.missionsq.org/scholarship**.

Calculate Your Income

Tips to help you balance sources of funding and retirement costs.

Identifying your income sources for when your working days are behind you – and how you'll combine those sources to fund your retirement – becomes increasingly important as retirement approaches. Some sources will begin at certain ages, such as a pension at age 65 or Social Security sometime between the ages of 62 and 70. Others, such as a workplace retirement plan account or a brokerage account, offer more control over the timing of distributions from the account. Understanding how each works – and factoring in living expenses, inflation, and taxes – will help you achieve the retirement you envision.

Sources of Income

Social Security benefits. You can start receiving retirement benefits as early as age 62, but your payout will be as much as 30% lower than if you waited until your full retirement age (66 to 67 depending on when you were born). If you can afford to wait, your payout will grow 8% each year you delay benefits after your full retirement age until age 70.

Additional perks: Social Security offers an annual cost-of-living adjustment and survivor benefits for your spouse.

To get an estimate of your benefits, simply create a *my* Social Security account at **www.ssa.gov/myaccount**. Keep in mind that some public sector employees receive reduced benefits if they worked for an employer that didn't withhold Social Security taxes from their wages.

Traditional defined benefit pension. A pension typically provides a monthly paycheck for life, and you'll receive a higher amount if you choose a payout on your life alone than if you opt for a survivor benefit for your spouse. Many state and local government pensions have a cost-of-living adjustment, as well.

Workplace retirement accounts. Many employers offer a tax-deferred workplace savings plan, such as a 457(b), 403(b), or 401(a) plan. The value of these accounts in retirement depends on how much you contributed to the plan and how well the investments performed.

While 403(b) and 401(a) plans assess an early withdrawal penalty if you take money out before age 59 1/2, you can take distributions from a 457(b) plan at any age once you leave your job.[1] Withdrawals from all of these plans are subject to income tax.

Photography: Cavan Images via Getty Images.

Drains on Income

Living expenses. While some expenses decrease once you stop working, others might increase – especially if you travel or take on new hobbies. Be mindful of your lifestyle needs and wants so you can balance them according to your new retirement budget.

Inflation. Rising prices can erode your purchasing power. For example, you need $165.62 today to purchase what $100 could have bought 20 years ago, according to the Bureau of Labor Statistics.[2] Diversifying your investment portfolio so your assets have a solid mix of stocks, bonds, and cash is one of the most important ways to combat inflation.[3]

Taxes. Taxes do not necessarily decrease once you stop collecting a paycheck. Pension benefits and most retirement account withdrawals are taxable. Even Social Security benefits are taxable once income exceeds certain levels.

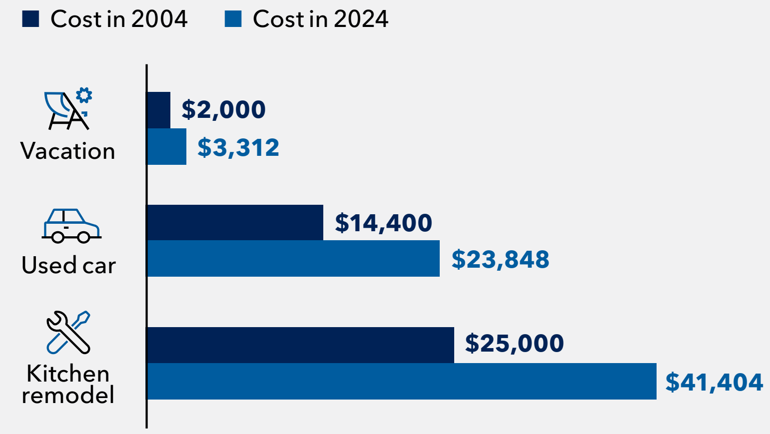
Required minimum distributions. The IRS requires you to begin taking minimum withdrawals from many retirement accounts, such as 457(b), 403(b), and 401(a) plans and traditional IRAs, starting at age 73 (rising to age 75 in 2033).

Calculating the 4% Rule

How inflation could impact withdrawals from a $500,000 portfolio

Year		Withdrawal
1	$500,000 x 0.04 =	$20,000
2	3% inflation $20,000 x 1.03 =	$20,600
3	3.5% inflation $20,600 x 1.035 =	$21,321
4	4% inflation $21,321 x 1.04 =	$22,174

Impact of inflation[2]



These costs are estimates to illustrate the impact of inflation on common expenses.

Health care. A 2018 Health and Retirement Study found that 12% of the median retiree's total retirement income and 25% of their Social Security benefits went toward medical expenses.[4] Check to see if you qualify for retiree medical benefits or tax-advantaged retiree health savings accounts through your employer's plan.

Making Your Money Last

The 4% rule is a general guideline for how much you can safely withdraw annually during a 30-year retirement. (The rule assumes half your savings are invested in stocks and the rest in bonds and cash.)

Here's an example of how it could work: You withdraw 4% of your savings the first year of retirement. Thereafter, you annually increase the dollar amount of withdrawals by the previous year's inflation. For instance, if you have $500,000 in your portfolio, you would withdraw $20,000 the first year. If inflation rises 3% that year, you would withdraw $20,600 the next year. And so on.

Understanding your sources of income and planning for known costs can help you achieve your vision for retirement. Try our Retirement Income Planner calculator at **www.missionsq.org/retireeplanner**.

[1]A 10% penalty tax never applies to withdrawals of original 457(b) plan contributions and associated earnings. However, the penalty may apply to non-457(b) plan assets that are rolled into a 457(b) plan and subsequently withdrawn prior to age 59 1/2.

[2]CPI Inflation Calculator, Bureau of Labor Statistics, 2024.

[3]Diversification does not protect an investor from market risks and does not assure a profit. An investor must consider the risk associated with all mutual funds used to diversify assets.

[4]"How Much Does Health Spending Eat Away at Retirement?" Center for Retirement Research at Boston College, August 2022.

Cover Story

Investing Made Simple

Keep your retirement-saving journey moving.

Investing now can help you build your best retirement. Whether you have already started investing or are just beginning, review these ideas and suggestions for achieving a more financially secure retirement.

1 **Diversify your investments.**[1] You may have heard that your investments should include a mix of stocks, bonds, and cash. It's true! Diversification can help guard your savings against volatile markets that may be triggered by global economic events, such as the COVID-19 pandemic or the war in Ukraine.

During tough economic times, anxiety and emotions may invoke a "Sell! Sell!" mentality. Diversification, however, can help calm the urge to sell your investments. No one can accurately predict which investments will perform better in a given year, but you may be able to reduce the effects of a down market by owning a variety of stocks, bonds, and other assets. That way, even if some investments underperform, others can help offset the low-performing investments. *Continued >*

Photography: Huntstock via Getty Images.

How Target-Date Funds Work[2]

Typically, **you pick a fund that's closest to the year you plan to retire and begin making withdrawals**. For example, if it is the year 2024, and you plan to start withdrawals in 15 years, you might choose to invest in a 2040 target-date fund.

The specific fund you choose will have a mix of different types of investments – such as stocks, bonds, and cash. Leading up to and even after your withdrawal start year, **the fund's mix of investments will become more conservative, with a higher percentage in bonds and cash**.

The fund's professional management team maintains its investment mix and **consistently rebalances** the fund to keep it in line with its objective.

Keep in mind that you can make adjustments. If your retirement plans change, you always have the option to move your money into a fund with a closer or further target date.

Photography: PeopleImages via Getty Images.

And you don't have to be a sophisticated Wall Street investor to successfully allocate your own investments. One of the easiest ways to achieve diversification, especially if you're a new saver, is to invest in a target-date fund, which is available in many workplace retirement plans (see sidebar: How Target-Date Funds Work). In a target-date fund, the investments are made with a specific date in mind – usually at or after retirement. As that date approaches, the fund's holdings gradually become more conservative.

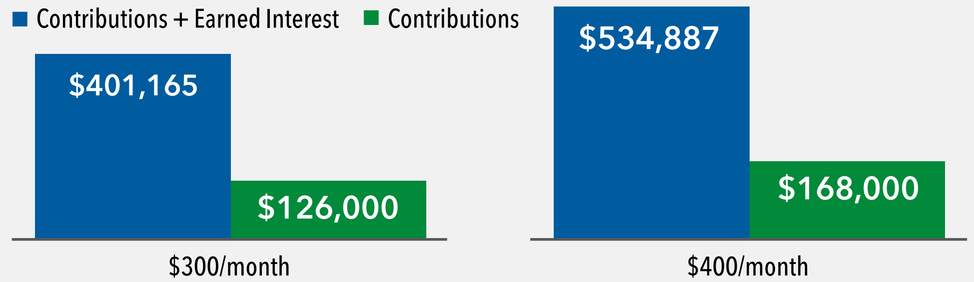
2 **Get the most from your public sector retirement plan.** The normal contribution limits to 457(b) and 403(b) plans for 2024 are $23,000; you can contribute an additional $7,500 to either of these plans if you're age 50 or older, bringing the total possible contribution to $30,500. Contribution limits for 401(a) plans are much higher, at $69,000, which includes both employer and employee contributions. If you can't contribute the full amount, it's understandable, and you should aim to contribute what you can. A catch-up option is not available in 401(a) plans.

In addition to the normal limits, participants in 457(b) plans, in the three years leading up to their normal retirement age, may be eligible for contributions up to double the normal annual limit ($46,000). Participants in a 403(b) plan may also have an additional pre-retirement catch-up opportunity of up to $15,000, if certain conditions are met. Note that you cannot use both the pre-retirement and the age 50 catch-up contributions in the same plan year. One big benefit of putting pretax money into a workplace retirement plan: Your taxable income is reduced.

3 **Increase your contribution amount, if you can.** Even small increases in how much you save each month can have a huge impact over time. For example, take a 30-year-old worker earning $50,000 a year and contributing $150 from their paycheck to their retirement plan every two weeks. After 35 years and a 6% annual return, their account could total about $401,165. By raising their biweekly contribution by $50, their balance could grow an additional 33%, or about $133,722, over that period.[3]

A little more can go a long way

Investing $300 per month vs. $400 per month over 35 years[3]



The additional $100 per month may only amount to $21,000 more in contributions, but thanks to compounding it will result in a **$133,722** balance increase.

Many plans offer the ability to automatically increase your contributions each year so you don't have to think about it. If your retirement plan offers this option, consider signing up. Even if the automatic feature is not available in your plan, you can still manually update your contributions annually or when you get a raise.

4 **If you can manage it, invest beyond your workplace retirement plan to help reach your goals.** In case you can afford to save more, consider investing in an IRA. The maximum contribution for 2024 is $7,000, plus an extra $1,000 if you're age 50 or older. The income limits to qualify for a traditional tax-deductible IRA or a Roth IRA have been raised slightly.

For example, if you have a workplace retirement plan and you want to add to those savings, you can consider a Roth IRA if your modified adjusted gross income is between $146,000 and $161,000 as a single filer. If you're married and filing jointly, the income phase-out range is $230,000 to $240,000.

With a Roth IRA, you won't get an upfront tax deduction, but your withdrawals are tax-free in retirement, unlike with a traditional IRA. So, a Roth IRA can help you achieve your goals without impacting your tax bill in retirement.

Adding It Up

By applying the strategies discussed here – diversifying investments, maximizing contributions, and setting clear goals – you're helping to build the foundation for a secure retirement.

Log in to your account to see if you're on track at **www.missionsq.org**.

[1] Diversification does not protect an investor from market risks and does not assure a profit. An investor must consider the risk associated with all mutual funds used to diversify assets.

[2] The target-date funds are not a complete solution for all your retirement savings needs. An investment in a target-date fund includes the risk of loss, including near, at, or after the target date of the applicable target-date fund. There also is no guarantee that a target-date fund will provide adequate income at and through an investor's retirement. Selecting a target-date fund does not guarantee that you will have adequate savings for retirement.

[3] Assumes an annual income of $50,000, and investment of $300 vs. $400 per month, and an annual compounding rate of 6%. This illustration regarding compounding or the likelihood of various investment outcomes is hypothetical, does not reflect actual investment results, and does not guarantee future results. Results may vary with use and over time, reflecting any changed circumstances, assumptions, or variables upon which the information is based. Projections involve known and unknown risks, uncertainties, and other factors, which may cause actual results to differ materially and substantially from any future results or performance expressed or implied by the projections for any reason. Projections do not guarantee that a particular result will be produced or achieved. The projections do not represent actual securities or client performance and cannot determine which securities to buy or sell or if your investment strategy is appropriate.

Strengthen Your Financial Health

It's never too late to take control of your finances with steps to help you achieve your goals.

Taking control of your finances is crucial in a world where the demands can be overwhelming. Whether you're looking to reduce debt or boost your savings, these four steps can help you streamline your finances so you can pursue your goals with confidence.

Photography: Kilito Chan via Getty Images.

1 **Simplify through auto pay.** American households spend more than $14 billion a year in late fees.[1] Automating payments for regular bills can help you reduce stress and allow you to save more by knowing exactly when bills will be paid, which helps you plan your budget more effectively. On top of that, signing up for automatic payments can unlock discounts with many service providers, including insurance companies, utilities, and even student loan servicers.

2 **Consider paying down down high-interest debt.** Debt, especially high-interest debt, can be a drain on your finances and hold you back from reaching your goals. Student loans, credit card debt, and car loans with high-interest rates can cost you thousands of extra dollars over time. Prioritize paying off those debts. To learn more, see "Tackle Your Debt" on page 4. Then, you could consider investing the money that's no longer going toward interest payments in your savings account instead, where it can help you achieve your goals.

3 **Save a little more.** As a participant in your employer-sponsored retirement plan, you've already automated the process of saving for your future with direct contributions from your paycheck. Consider whether you have room in your budget to add to your retirement plan savings: You can contribute up to $23,000 in pretax income ($30,500 for those age 50 and above) to a 457(b) plan in 2024.

Increasing your regular contributions to your retirement plan, even by a little, can make a big difference. For example, if you currently contribute about $100 to your 457(b) plan every two weeks starting at age 30, increasing your contributions by $25 every year could boost the value of your account by more than $300,000 by the time you reach age 65, if your investments return about 5% per year.[2]

Use our Savings boost calculator at **www.missionsq.org/savingsboost** to see how small increases can grow over time.

Late charges add up

$14 billion[1]

This is how much American households spend each year in late fees. Automating payments can help you avoid these penalties.

4 **Use the power of compounding.** If you follow a disciplined approach by saving through pretax contributions from your paycheck, your money can work for you and make a real difference in your total savings over time. The key is the power of compounding: a snowball effect that happens when the earnings on your investments generate even more earnings. As a participant with invested assets in your employer's retirement plan, such as a 457(b) or 401(a) plan, you're already benefiting from this approach.

This is particularly helpful in retirement accounts, where the amount you contribute is allowed to grow for years tax-deferred or even tax-free, depending on whether you're saving in a pretax account, such as a 457(b), or an after-tax account, such as a Roth IRA.

Summing It All Up

By implementing these straightforward strategies, you are taking steps to enhance your financial health. Consider actions such as automating your payments to reduce stress and save money, prioritizing high-interest debts to free up future funds, and using the power of compounding to magnify your assets over time. Remember: Every small step you take today can count toward a more secure future. Embrace these practices to help strengthen your finances over time.

To learn more, schedule a meeting with your MissionSquare representative at **www.missionsq.org/connect**.

[1] "CFPB Bans Excessive Credit Card Late Fees, Lowers Typical Fee From $32 to $8," Consumer Financial Protection Bureau, March 5, 2024.

[2] This illustration regarding compounding or the likelihood of various investment outcomes is hypothetical, does not reflect actual investment results, and does not guarantee future results. Results may vary with use and over time, reflecting any changed circumstances, assumptions, or variables upon which the information is based. Projections involve known and unknown risks, uncertainties, and other factors, which may cause actual results to differ materially and substantially from any future results or performance expressed or implied by the projections for any reason. Projections do not guarantee that a particular result will be produced or achieved. The projections do not represent actual securities or client performance and cannot determine which securities to buy or sell or if your investment strategy is appropriate.

Your Top Questions Answered

What can I do about the heavy weight of student loans?

Forty-six percent of public sector employees say they are extremely or very worried about repaying student loans, a MissionSquare Research Institute 2022 survey found.[1] If you're among them, these tips can help:

- **Take advantage of tax breaks.** If you qualify, you can reduce your tax bill on your tuition with the American Opportunity Tax Credit (for undergraduate study) and the Lifetime Learning Credit (for undergraduate, graduate, and professional degree courses).
- **Seek forgiveness.** If you work full time in a government or not-for-profit job, the Public Service Loan Forgiveness program may eliminate any outstanding debt on federal student loans, including parent PLUS loans, after 120 qualifying payments. And qualified educators can have up to $17,500 in debt erased under the Teacher Loan Forgiveness program.
- **Find a repayment plan that fits your paycheck.** Federal loans offer repayment plans tied to your income and family size. Learn more at **www.studentaid.gov**. Alternatively, if you have a private student loan, you can contact your service provider to discuss payment options, such as refinancing for a lower rate.

Explore ways to help lower debt at **www.missionsq.org/debtcalc**.

Photography: Lock Stock via Getty Images.

How can I close my retirement savings gap?

If you feel like your savings are falling short of what you'll need to comfortably retire, don't worry! It's possible to narrow the gap with these steps:

- **Maximize retirement plan contributions.** For 2024, you can contribute up to $23,000 in a 457(b), 403(b), or 401(k) plan. If you're age 50 or older, you can save an extra $7,500 for a total of $30,500. For 401(a) plans, the limit is $69,000.
- **Take advantage of special catch-ups.** Some 457(b) plans allow public sector workers to contribute up to twice the regular annual contributions during the three years leading up to their normal retirement age; and some 403(b) plans offer special catch-ups – $3,000 per year, up to a lifetime maximum of $15,000 – to workers who have completed 15 years of service with a qualified organization, if certain conditions are met.
- **Consider delaying retirement.** Postponing retirement a couple of years can make a big difference. It means fewer years of retirement to fund and more time to potentially increase your savings.

Should I seek help from a financial professional?

Many of us are DIYers when it comes to finances, but there are times when we could benefit from a professional. Here are some ways a CERTIFIED FINANCIAL PLANNER™ professional can help:

- **One-On-One Consultations.** You can discuss your unique financial goals with a CFP® professional and work together to develop action steps for how you'll achieve those goals.
- **Financial Planning.** After learning about your specific goals, a CFP® professional can provide an in-depth financial plan that ties in with your goals. For example, if your goal is to retire in a specific number of years, your plan would include projections for your retirement savings and time horizon.*
- **Social Security Analysis.** If you are near retirement or already retired, Social Security benefits are likely at the top of your mind. A CFP® professional can help you get a closer look at your estimated benefits and develop a plan for taking your benefits.

53% of Americans have worked with a financial planner[2]

26% currently

16% in the past three years

11% over three years ago

[2] "CFP Board Consumer Sentiment Survey – Cost of Living," CFP Board, April 2023.

Questions? To learn more about the financial planning services available to you, schedule a meeting with your MissionSquare representative at **www.missionsq.org/connect**.

[1] "Student Debt in State and Local Government: Impacts on Select Occupations," MissionSquare Research Institute, February 2024.
*Participants with account balances of $100,000+ can receive a personalized financial plan. A fee of up to $175 may be assessed for participants with account balances less than $100,000.

In the Know

Don't miss the helpful information and services available from MissionSquare Retirement.

Live Financial Planning Webinars

Grow Your Knowledge

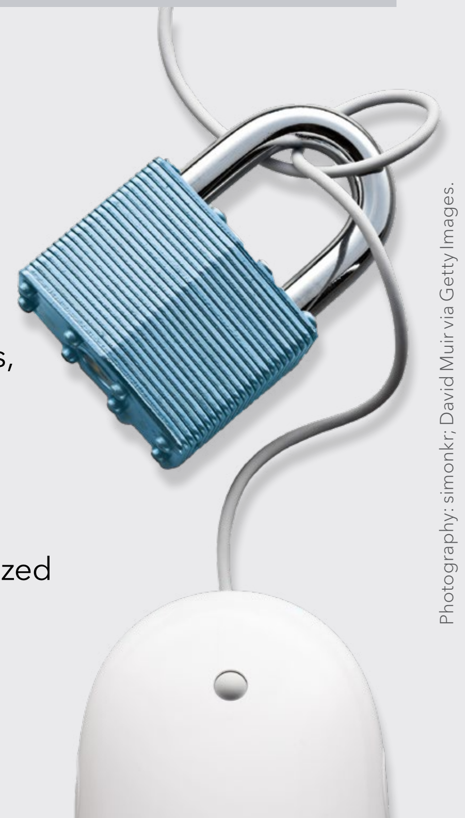
Join MissionSquare Retirement for live educational webinars led by our CERTIFIED FINANCIAL PLANNER™ professionals. Choose from a variety of topics, including improving your finances, general savings strategies, investment basics, and more. Reserve your free seat at **www.missionsq.org/cfpwebinars**.

MissionSquare Security Guarantee

Make Sure You're Cyber Safe

October is Cybersecurity Awareness Month, but don't wait until then to confirm the security of your retirement account. MissionSquare Retirement regularly implements safeguards to help protect your assets, but there are ways you can help: Make sure your contact information is current, monitor your account activity, and use strong passwords.

Learn more about our Security Guarantee, which will reimburse you for losses from your MissionSquare account(s) that are the result of unauthorized activity through no fault of your own, at **www.missionsq.org/security**.



Photography: simonkr; David Muir via Getty Images.

Retirement Education Center

Resources for You

Financial wellness starts today and requires long-term commitment, but you don't need to go it alone. You have many tools – including calculators and videos – available to you anywhere and at any time. Visit **www.missionsq.org/learn**.

Learn about planning and saving with resources that include:

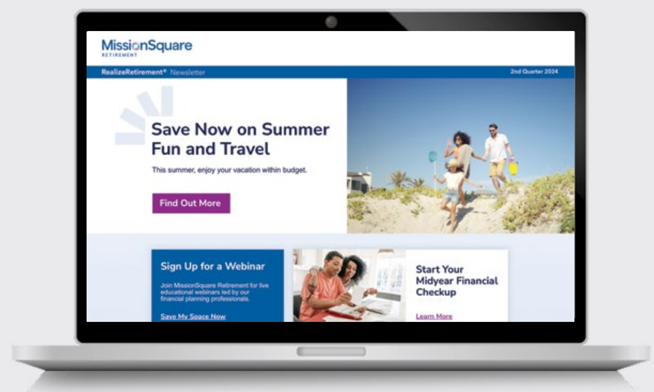
- Approaches to investing
- Ideas to help you grow your savings
- How to determine whether your savings are on track
- Ways to plan for your income in retirement
- Estate planning steps
- College savings strategies

Photography: katleho Seisa; Kieran Stone via Getty Images.

RealizeRetirement® Newsletter

Support Along Your Savings Journey

Get helpful money tips and planning insights from RealizeRetirement®, our free online newsletter designed especially for public sector employees. Read the latest issue at **www.missionsq.org/realizeretirement**.

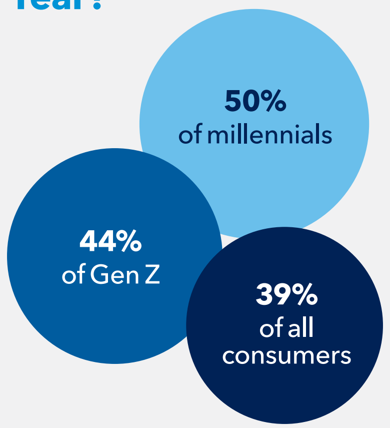


How Much Life Insurance Is Enough?

What to know about your income replacement needs and providing for your family's security.

Many people ignore or underestimate the value of life insurance, but it can be important for the security of your loved ones' futures. A general rule is that your life should be insured for 10 to 15 times your gross annual income.[1] While this serves as a ballpark figure, two people with the same salary may have far different insurance needs.

Who's Planning To Get Coverage in the Next Year?[2]



Here's how to calculate how much insurance you may need:

Add up current expenses, liabilities, and future expenses. Calculate about how much you and your family spend annually, then add the balances on your mortgage or rent, credit card, car note, student loans, or other debts. Future expenses could include things like college tuition, which can run into the six-figure range, as well as your own funeral expenses. The latter may not be pleasant to think about, but you don't want to leave that cost to a family member. For example, the median cost is $8,300 for a burial and $6,280 for a cremation, according to the National Funeral Directors Association.[3]

Calculate income replacement needs. Once your debts and current and future expenses are covered, your loved ones may need a replacement for your salary. Consider how much your family will require and multiply that by the number of years until your anticipated retirement.

Subtract assets. After you've added up any debts, expenses, and income replacement needs, subtract any savings account balances or the value of other assets you already have. This total should be close to the amount of life insurance you will need.

Choose life insurance that fits your needs. There are many different life insurance products to choose from, and premiums and underwriting requirements can vary considerably. Talk with a trusted insurance agent to evaluate your options.

Track Your Spending. Get help with an easy-to-use tool for tracking your expenses and planning for your savings goals. Visit **www.missionsq.org/budget**.

[1] "Life Insurance 101." Life Happens, May 16, 2024.
[2] "New Study Shows Interest in Life Insurance at All-Time High in 2023." LIMRA, April 4, 2023.
[3] "2023 NFDA General Price List Study Shows Inflation Increasing Faster Than the Cost of a Funeral," National Funeral Directors Association, Dec. 8, 2023.

Photography: FG Trade via Getty Images.